



Office of The Attorney General
State of Connecticut

**TESTIMONY OF
ATTORNEY GENERAL RICHARD BLUMENTHAL
BEFORE THE GENERAL LAW COMMITTEE
FEBRUARY 16, 2010**

I appreciate the opportunity to support Senate Bill 129, An Act Establishing An Office of Condominium Ombudsman.

This proposal creates a self-funded state office within the Department of Consumer Protection to review condominium unit owner complaints concerning violations of state condominium laws by the association's board of directors, officers or professional managers. The ombudsman would also review complaints about violations of condominium bylaws concerning finances, calling or conduct of association meetings or access to public records of the association. The ombudsman would review any disputes and, if necessary, it would hold a hearing and issue orders to resolve problems and ensure that bylaws and state laws are respected.

The proposal encourages settlement of unit owner-association disputes by requiring that the association establish a dispute resolution procedure. A unit owner complaint must proceed initially through this procedure unless the association has failed to establish such process.

The costs of the ombudsman would not be borne by Connecticut's taxpayers. Although Senate Bill 129 provides for a tiered fee assessment depending on the size of the condominium association, I urge the committee to consider a simpler fee structure: a small \$4 per unit annual assessment on condominium associations in the state. This charge is the same as assessed in Florida in order to pay for that state's ombudsman program. There are approximately 240,000 condominium units in Connecticut so the \$4 charge will yield \$960,000.

In addition, the proposal requires a filing fee of \$35 (the same as in small claims court prior to last session's increase) paid by the complainant and another \$35 filing fee paid by the association. The fee on the association also encourages the association to resolve the matter prior to intervention by the ombudsman. If there are 1,000 complaints filed, this fee will yield \$70,000.

Finally, the proposal increases the condominium manager's filing fee from \$100 annually to \$400 biennially. There are 300 registered condominium managers so the fee will generate \$120,000 in revenue every two years.

My office has received hundreds of complaints from condominium unit owners regarding violations of state condominium laws or condominium bylaws by their association board of

directors. Sadly, no state office exists to effectively assist these unit owners. The state agency established in Senate Bill 129 would provide help to outmatched, overwhelmed unit owners who are fighting for their basic rights under our condominium laws.

Under this proposal, the Attorney General, upon referral by the ombudsman, may bring a civil action to enforce the provisions of the condominium bylaws or state statutes regarding condominiums. Senate Bill 129 contains an important provision allowing for the ombudsman to impose a civil penalty of not more than \$200 for any knowing violation.

Many of the complaints received by my office concern failures by association boards of directors to follow basic governance principles such as adopting an annual budget with notice to the unit owners, holding fair elections for the board of directors, providing key financial information about the association, and fairly imposing association fines.

Some of these complaints are based on deliberate indifference by association boards to association bylaws or state condominium laws. Others are probably due to a lack of full understanding of condominium association responsibilities.

The current law is unfair to unit owners. The law imposes certain responsibilities on condominium association boards of directors and establishes certain rights for unit owners. The unit owners must hire -- at their own expense -- a lawyer to enforce those rights and responsibilities while the association boards of directors can defend themselves using association funds, raised through assessments on the unit owners. Thus, unit owner funds are used to defend lawsuits brought by unit owners themselves.

A Condominium Ombudsman will provide much-needed assistance to unit owners and provide an important enforcement tool for our condominium laws.

I urge the committee's favorable consideration of the provisions establishing this critical state agency contained in Senate Bill 129.